INTERNATIONAL TRADE CENTRE

UNITED NATIONS
CONFERENCE ON
TRADE AND DEVELOPMENT

WORLD TRADE
ORGANIZATION

ITC/AG(XXXIII)/182
7 February 2000
Original: ENGLISH

Joint Advisory Group on the
International Trade Centre UNCTAD/WTO
Thirty-third session

Geneva, 10 - 14 April 2000

ITC GLOBAL TRUST FUND

Report of the Consultative Committee
to the thirty-third session of the Joint Advisory Group

Contents

Note iv

THE CONSULTATIVE COMMITTEE 1

WINDOW I 2

WINDOW II 3

Completion of programmes of the first cycle 3

Uruguay Round follow-up: Information dissemination, needs identification and capacity building 3

Support to business information services within the global framework of the UNCTAD Special Programme on Trade Efficiency 4

International competitiveness programme for SMEs (ICPS) 5

Progress reports on the programmes of the second cycle 5

World Tr@de Net: Business development and the WTO Agreements 5
Table – Budgetary situation 6

Capacity building and networking for business information services (CAPNET/BIS) 7

Programme for competitiveness improvement of SMEs (ProCIP) 7
Table – Budgetary situation 8

South-South trade promotion 9
Table – Budgetary situation 10

Table – Global Trust Fund: Pledges and resources available 11

Table – Global Trust Fund: Window II - Pledges and allocations to individual programmes 12

Note

The following abbreviations are used:

CAPNET/BIS	Capacity building and networking for business information services
CD-ROM	Compact disc – read-only memory
COMESA	Common Market for Eastern and Southern Africa
FAVENPA	Cámara de Fabricantes Venezolanos de Productos Automotores
GATS	General Agreement on Trade in Services
GTF	Global Trust Fund
ICPS	International Competitiveness Programme for SMEs
ITC	International Trade Centre UNCTAD/WTO
JAG	Joint Advisory Group on the International Trade Centre UNCTAD/WTO
JITAP	Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme in Selected Least-Developed and Other African Countries
LDC(s)	Least developed country(ies)
MTP	Medium-Term Plan
NAACAM	National Association of Automotive Component and Allied Manufacturers (South Africa)
ProCIP	Programme for Competitiveness Improvement of SMEs
SADC	Southern African Development Community
SME(s)	Small and medium-sized enterprise(s)
SPS	Sanitary and Phytosanitary Measures ((WTO Agreement on the Application of)
TBT	Technical Barriers to Trade (WTO Agreement on)
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

1. The Global Trust Fund (GTF) reached a milestone in 1999. After three years of operation, the first three programmes financed by Window II were successfully completed, as attested by the respective independent evaluations. A second cycle commenced in mid-1999 with the launching of three new programmes; a fourth programme is expected to start in 2000. The first GTF programmes helped a large number of enterprises and trade support institutions in partner countries worldwide. They were powerful vehicles for addressing collective needs in the priority areas selected by the Consultative Committee, particularly as regards helping developing countries and economies in transition to integrate into the evolving multilateral trading system. In the context of scarce resources for technical assistance, the programmes enlarged ITC's outreach to clients through greater cost-effectiveness.

2. Window I provided complementary resources to enable ITC to maintain a minimum level of core expertise, continuously renew its range of technical cooperation tools and information bases, and carry out numerous operational activities. The Window also financed an increasing number of activities tailored to the specific needs of individual countries; 51% of the resources thus allocated went to LDCs. It made it possible, for the first time, to support selective project development efforts under the Integrated Framework by financing preparatory assistance activities. Finally, Window I continued to allow ITC to undertake independent ex post evaluations of financially completed projects.

3. Over the last four years, GTF has been a vital funding mechanism for ITC. For many countries which could not attract direct financing for country projects, GTF has also been the sole source of funding for ITC assistance.

THE CONSULTATIVE COMMITTEE

4. The Consultative Committee advises the ITC secretariat on, and ensures transparency in, the utilization of the Fund. It is an essential institutional mechanism for improved communication with ITC's stakeholders on programme development and implementation. Since its establishment in October 1995, it has held 18 meetings, under the chairmanship of the ITC Executive Director.

5. The Committee currently has 17 members: Brazil, Canada, Chile, Denmark, Finland, France, Germany, India, the Islamic Republic of Iran, Madagascar, Nepal, Nigeria, Norway, the Russian Federation, Sweden, Switzerland and the United Kingdom. In addition, the following countries have been granted observer status at their request: Algeria, Argentina, Belgium, Bulgaria, Cameroon, China, Cuba, Egypt, Ethiopia, Japan, Latvia, Malta, the Netherlands, Pakistan, Peru, Romania, Slovenia, the former Yugoslav Republic of Macedonia, Tunisia, Turkey and Venezuela.

6. In accordance with the Committee's working procedures, members are nominated for a one-year period between annual JAG sessions. The Committee recommends, as in previous years, that each regional grouping should decide whether its representation should be extended for another year or whether one or all of its representatives should be replaced by new members, taking due account of the need to ensure continuity in the Committee's work. Likewise, any country interested in proposing itself to represent its region should request observer status in order to become acquainted with the Committee's procedures before formally taking over from the outgoing member.

7. Since the 1999 session of JAG, the Committee has met three times to review the ITC secretariat's proposal for earmarking funds under Window I, the implementation plans for the new programmes financed by Window II and, subsequently, the progress reports submitted by the secretariat on all activities financed from the Fund.

8. As regards Window II, prior to the 1999 JAG session, the Committee had selected four programmes for implementation over the period 1999-2002, namely:

- Programme 1: Business development and the WTO Agreements (World Tr@de Net),
- Programme 2: Capacity building and networking for business information services (CAPNET/BIS),
- Programme 3: Programme for competitiveness improvement of SMEs (ProCIP), and
- Programme 4: South-South trade promotion.

9. On the basis of the pledges made at the JAG meeting, the Committee examined the secretariat's proposal on the final allocation of funds within individual programmes for the first year of operation. It noted with concern that insufficient funds had been

made available to launch all four programmes simultaneously. Programme 2, in particular, had a substantial shortfall. The Committee agreed, therefore, that the implementation of Programmes 1, 3 and 4 (Programme 3 with a reduced budget) could begin in 1999; it hoped that Programme 2 could start in 2000.

10. The implementation plans for these programmes were carefully reviewed by the Committee. It made a number of suggestions to clarify the definition of programme objectives and evaluation criteria, the country coverage and the general approach to the delivery of services.

11. ITC's follow-up to the results of the WTO Ministerial Conference in Seattle was discussed substantially in Committee meetings and it was noted that ITC had already begun to study this issue internally with the assistance of the newly recruited ITC Senior Adviser on the Multilateral Trading System.

WINDOW I

12. Contributions under Window I are used primarily to finance technical expertise, programme development activities in the priority areas agreed by JAG and country-specific activities – principally the formulation of tailor-made programmes – for which insufficient resources are available from the regular budget and other sources. They also finance other activities in support of ITC's work, such as missions, meetings of experts and independent evaluations. These are unearmarked contributions that are allocated periodically by the ITC secretariat on the basis of the most pressing needs, taking due account of the parameters set by the Consultative Committee. The secretariat reports to the Committee regularly on inputs financed from this Window.

13. Since most pledges are announced or confirmed during JAG sessions and contributions are received thereafter, available resources are programmed and allocated to individual activities for a period running a little beyond the subsequent JAG session. This enables ITC to ensure both the continuity of the technical expertise financed from GTF and the financing of activities that have to be initiated before new contributions are made available.

14. Total funds available in 1999 amounted to US$ 2.9 million[1]. They were allocated within six subwindows as follows:

- **Core staff.** This subwindow partly financed 11 senior expert staff in the specialized areas where ITC needs to maintain professional expertise so that it can adequately fulfil its mandate. The other financing sources were bilateral trust funds, the support cost budget, vacant posts on the regular budget, and detailing to specific programmes and projects. GTF covered a total of 72 work months for the development of technical cooperation tools and the provision of advisory and information services in response to the collective needs of partner countries (US$ 937,800).

- **Missions by ITC staff.** These were missions related to the regular programme of work, including participation in specialized meetings and trade fairs, liaison with partner organizations, and research missions which could not be financed from the regular budget (US$ 28,945).

- **Programme development activities.** This subwindow provided complementary resources to strengthen ITC's expertise and programmes, such as the development, testing and dissemination of new technical cooperation tools; the development and maintenance of business databases and Web sites; Market News Services; and the production of technical materials and publications. The flexibility provided by GTF enables ITC to mobilize resources rapidly for small projects and to make adjustments to changing circumstances. The requirements under this subwindow consistently exceed available funds, and priorities are determined by ITC Senior Management Committee (SMC) on the basis of the most pressing collective needs of partner countries and the ITC-MTP and Annual Operations Plan (US$ 788,344).

- **Formulation of tailor-made programmes and other country/region-specific activities.** ITC was able to react quickly to requests for needs assessment and project design or advisory

1 Details are as follows (in US$):

1999 pledges:	2,560,966
Accrued interest:	148,899
Savings from completed activities:	200,154
Total funds available:	2,910,019

services tailored to specific countries, to maintain and strengthen the dialogue with beneficiaries, and to participate in inter-agency meetings at country level. In addition, the subwindow financed a number of small preparatory assistance projects in LDCs in the context of the Integrated Framework. Overall, LDCs benefited from 51% of the funds allocated. Substantial resources were also allocated to the economies in transition for technical assistance in information technology. Allocations within this subwindow (US$ 839,147) increased by 42% over the previous year.

- **Expert meetings.** The subwindow principally financed the costs of organizing the first Executive Forum on National Trade Expansion Strategies (US$ 106,450).

- **Evaluations.** This subwindow financed in-depth evaluations over and above those built into the relevant project budgets, i.e. a country evaluation (all ITC activities in Sri Lanka) and a sectoral evaluation (all ITC activities on jute and jute goods) (US$ 116,600). It will also finance the initial costs of an evaluation of the ITC programme on international purchasing and supply management. The evaluation is to be presented to a technical meeting in autumn 2000 and to JAG in 2001.

15. As in previous years, ***future requirements*** under Window I will continue to depend on a number of fluctuating factors, such as the availability of other sources of financing for core staff as well as for country-specific activities, which are in increasing demand. Resources for the other subwindows should remain at the current level to enable ITC to continue strengthening its capabilities in all core services and to hold special events such as the Executive Forum. The secretariat counts on the level of pledges in 2000 being at least the same as in 1999, i.e. *US$ 2.6 million*.

WINDOW II

Completion of programmes of the first cycle

16. The paragraphs below give a brief final account of the three programmes implemented during the period 1996-1999. Only a few residual activities actually took place in 1999.

Uruguay Round follow-up: Information dissemination, needs identification and capacity building

17. *Information dissemination*, through more than 170 seminars and specialized workshops since 1996, was completed in 1999 with the implementation of an eco-labeling seminar and a series of technical workshops on the Agreement on Textiles and Clothing and the implications of the WTO Agreements for the trade in protein meals and tallow/soap. A wide variety of supporting business information and reference materials, training packs and case studies of the business implications of the world trading system has been developed.

18. At the request of ITC counterparts and network members, ITC carried out its first virtual conference via the Internet and e-mail in April 1999. An innovative way to continue the dialogue with the many partners involved in the "Uruguay Round follow-up" activities, the conference became an additional channel for *needs identification*. About 125 participants from 36 countries – of which 30 were developing – registered for the three-week conference on electronic commerce and anti-dumping. ITC encouraged the participation of a mix of government officials and representatives of the private sector, so that business concerns could be freely shared with government officials.

19. Piloted in the third and last year of the programme, ITC supported the *building of training and advisory capacity* by strengthening local networks. Eleven such networks of business trainers and experts on the world trading system have been established in Africa and Asia.

20. As originally intended, the programme has prepared the ground for a number of ongoing ITC activities and projects. Materials and approaches have been integrated into, and/or further developed by, other ITC programmes. Examples include:

- The use of training packs on WTO Agreements and WTO business cases in JITAP activities;

- The development of training materials on the export of services in conjunction with the preparation of the *Business Guide to the GATS*;

- The inclusion of a section on the implications of the WTO Agreements in ITC reports on national export potential;

- The project on the establishment of TBT/SPS Enquiry Points in the Arab region;

- Publications and information dissemination on eco-labeling or on trade in information technology products.

21. Major areas of concern identified during the Uruguay Round follow-up relate to the:

- Lack of practical, business-focused, country- and sector-specific support relating to the WTO Agreements;

- Limited access of the business community to up-to-date information on the implications of the WTO Agreements;

- Waste of synergetic potential in business support activities at the country level;

- Inadequate integration of business sector views into national trade negotiation strategies.

The approach of the World Tr@de Net programme has been designed in the light of these issues.

22. Total expenditure amounted to US$3.9 million.

Support to business information services within the global framework of the UNCTAD Special Programme on Trade Efficiency

23. The programme contributed to the development of business information services within 74 Trade Points in developing countries and economies in transition. It was evaluated in 1998 by an independent consultant, concurrently with an evaluation of UNCTAD's Trade Point programme. ITC support has contributed largely to:

- **Bridging information gaps on international trade.** Trade Points have become effective relays of information on trade opportunities through the electronic trading opportunity (ETO) system, as well as distributors of market reports (e.g. ITC's Market News Service and market briefs). The index of Internet sources accessible through the ITC Web site has become an important referral system (over 1,500 items) on international trade and has received encouraging feedback. In addition, the programme replied to a large number of ad hoc trade inquiries.

- **Designing new approaches to information management.** On the basis of an assessment of the collective needs of Trade Points, ITC has produced three guides to users' needs assessments (Business Information Reviews), the design of strategic plans for trade information services, and approaches to charging for services. The guides, widely disseminated, have proved useful in creating trade information services or improving the cost-effectiveness of existing ones.

- **Developing new information services.** About 74 Trade Points benefited from 65 advisory missions and 12 training seminars which were positively evaluated by most participants. ITC also provided tools such as specialized classifications and coding systems, application software for referral databases and company registers (COMREG), and a tool kit on CD-ROM to meet increasing demand.

- **Establishing information networks**. At the national level, this was done in countries where Trade Points are playing an important role in decentralizing trade information services (e.g. Argentina, Brazil, Colombia, Egypt and Mexico) and at the international level through the Global Trade Point Network (GTPNet) and regional forums.

- **Launching promotional Web sites for exportable products and services.** This was done, for example, in Brazil, China, Malta, Morocco, Romania, Senegal, Tunisia and Zimbabwe and contitutes a major step towards the development of e-commerce activities and the sharing of know-how among countries. On the basis of the experience gained from this event, ITC published a guide to cyber-marketing, which has been widely appreciated.

24. The 1998 evaluation of the ITC programme concluded that "overall the project has had significant successes based on the success criteria described in the project document. ITC should continue to support the trade information function of the Trade Points through a new and adapted project." The evaluation specifically recommended that higher emphasis should be given to sharing information and experience within GTPNet and regional forums, the dissemination of information on market access conditions (in cooperation with WTO), and the launching of multimedia applications for trade promotion and e-commerce, using appropriate new technologies. The successor programme CAPNET/BIS was designed to take into account specific recommendations of both the ITC and UNCTAD evaluations.

25. Total expenditures amounted to US$2.0 million.

International competitiveness programme for SMEs (ICPS)

26. ICPS aimed at developing a number of practical tools, products and services needed by exporting SMEs and organizing their delivery to enterprises through an interactive and strengthened network of national multiplier organizations in both private and public sectors. The programme addressed three main themes: entrepreneurship development, strengthening the competitive capabilities of the enterprise, and capacity building of training institutions, private- and public-sector SME development agencies, and other multiplier organizations.

27. The main achievement of ICPS has been the successful use of the tools, products and services developed and disseminated to almost 2,000 exporting SMEs. These were made available through network partner organizations in more than 20 developing countries. Four main 'products' were developed, implemented and disseminated: *International Competitiveness Gauge; Trade Secrets: The Export Answer Book; Export Fitness Checker;* and *How To Approach Banks*. Two publications were issued: *The SME and the Global Market Place: An Analysis of Competitiveness Constraints* and *The SME and the Export Development Company*. Moreover, the 'product--network' approach as the main pattern for developing and disseminating tools, products and services under ICPS has proven to be effective and efficient. This approach is now being used as one of ITC's main programme development and delivery frameworks. The evaluation of the programme, carried out in November 1998, showed evidence that product development, dissemination and use have been successful.

28. Network partner organizations have been enthusiastically committed to ICPS. Strategies for the rapid and extensive dissemination of individual products have been developed jointly by ITC and several network partners, some of them highly enterprising. The experience of ICPS has made it clear that effective networking requires emphasis on mechanisms that ensure intensive interactive communication among all partners at all times. Such communication eventually leads to improved international competitiveness as it makes possible the exchange of best practices among SMEs within the network.

29. Finally, national partner institutions have built up capacities and experience in ICPS activities. These capacities will be further harnessed to expand outreach to clients, especially in LDCs and countries in the same subregion. This will be one of the major objectives of the successor programme ProCIP, so that enterprises, the ultimate clients, can benefit from practical results and thus improve their profit-and-loss accounts.

30. Total expenditure amounted to US$2.1 million.

Progress reports on the programmes of the second cycle

31. Implementation plans for the first year of operation of the new programmes were endorsed by the Consultative Committee soon after 1999 JAG and cover the period June 1999 - May 2000. The paragraphs below therefore describe the initial activities undertaken during the first few months of that period.

World Tr@de Net: Business development and the WTO Agreements

32. The World Tr@de Net has two broad sets of activities and objectives: the development of *new national networks* (objective 1) and the *exchange of experiences among network members* (objective 2). In support of these activities, *training and reference materials* are developed in response to the existing and evolving needs of network members. To strengthen ITC's capacities to implement the programme, a Senior Adviser on the Multilateral Trading System joined ITC in mid-December 1999.

33. Kick-off meetings for new national networks were held in Lesotho, Mozambique and Swaziland. At the countries' request, the meetings were combined with *Business Guide* seminars. This brought to 14 the number of countries in which networking activities have been launched. The networks are at different stages of development; 12 have agreed on initial action plans.

34. With the cooperation of Philippine network members and separate financing, the Philippine Trade Training Center organized a series of trainer training events in Manila for about 15 trainers each from Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam. The trainers, from both the public and private sectors, expressed interest in establishing networks in their countries in early 2000. Estonia, Latvia and Lithuania have likewise suggested kick-off meetings in their countries, and Turkey has requested the launching of a network in conjunction with a trainer training programme in international business planned for May/June 2000. A number of Latin American countries have also expressed their interest in joining the Net.

BUDGETARY SITUATION
Business development and the WTO Agreements (World Tr@de Net)
As at 7 February 2000
(US$)

		Expenditures	Planned expenditures	Total	Planning estimates		GRAND TOTAL
		June 99 - Dec. 99	Jan 00 - May 00	June 99 - May 00	June 00 - May 01	June 01 - May 02	June 99 - May 02
	Project personnel	84,116	418,034	502,150	569,000	569,000	1,640,150
	Subcontracts	-	88,000	88,000	80,000	80,000	248,000
	Group training	26,192	107,808	134,000	190,000	190,000	514,000
	Equipment	-	8,300	8,300	12,000	12,000	32,300
	Miscellaneous	25,029	127,520	152,549	34,000	34,000	220,549
(A)	Total	135,338	749,662	885,000	885,000	885,000	2,655,000
(B)	Pledged			885,000	618,703	361,254	1,864,957
(C)	Cash received			550,061	-	-	550,061
(C-B)	Surplus/(Shortfall) Cash against pledges			(334,939)			
(B-A)	Surplus/(Shortfall) Pledges against budget			-	(266,297)	(523,746)	(790,043)

35. To foment the exchange of experience among network members, training events on topics of common interest are organized for participants from different networks. The first topic-specific networking events were held on the evolving potential for the export of services and the business issues involved in the forthcoming negotiations on GATS. National groups of 4 to 6 participants were identified through the Asian networks for these events, each group consisting of business trainers, GATS negotiators and representatives of the professional services sector. Two four-day workshops were carried out. The first, for 21 participants from Malaysia, Mongolia, the Philippines and Thailand, was held in Bangkok; and the second, for 21 participants from Bangladesh, Nepal, Pakistan and Sri Lanka, took place in Kathmandu. The national groups developed and presented plans for follow-up in their countries. The plans address collaboration between the public and private sectors in preparing for the GATS negotiations, and training for professional services firms to enable them to export competitively. The new training pack on the export of services was tested and finalized in the light of feedback during the workshops.

36. A subregional workshop for 26 members of the African networks in Lesotho, Malawi, Mozambique, Swaziland and Zambia was held in Lusaka. A business case developed by network members (from Nepal) was used in this workshop, a first for the programme. Participants also discussed the relationship between COMESA and SADC and the WTO Agreement.

37. To collect questions on the world trading system which are frequently asked by the smaller and medium-sized firms in developing countries, network members have selected companies in their countries which are to be asked to answer a brief questionnaire. Applying the *Trade Secrets* approach, ITC will identify the most frequently asked questions and reply to them in a simple, businesslike style. The publication of these questions and answers, together with sources of information on the business implications of the WTO Agreements, will provide network members with a tool for quick reference and for advising their business firms.

38. The programme has developed the following training and reference materials:

- ***Business Guide to the World Trading System***

39. This Guide was launched by ITC and the Commonwealth Secretariat in October 1999. It updates

the *Business Guide to the Uruguay Round*; draws on feedback from the business community, trade negotiators and foreign trade officials; and reflects major developments since 1995.

40. The Guide has three features which make it unique. First, it describes the WTO legal framework from a business perspective, using simple language and highlighting business implications. Second, it reviews six cutting-edge trade topics which are on the WTO agenda for study and analysis. Third, it is the only description of the WTO framework from a business angle which has been reviewed and approved by the WTO Secretariat.

41. The Guide is being translated into French and Spanish (and into other languages under other arrangements). Publication on CD-ROM is being explored. A revolving fund has been established which will enable ITC to reinvest sales earnings in the continuous updating of information on the evolving world trading system.

❒ **World Tr@de Net Web page**

42. This Web page has been designed and is being finalized. In addition to the materials and information made available on the Internet under the Uruguay Round follow-up programme, the page will present, among other services, a database on the multilateral trading system. It will provide key words, abstracts and bibliographical information on recent publications on the world trading system. Developed in cooperation with JITAP and ITC's trade information specialists, the database will be continuously updated.

43. Committee members suggested that ITC's perspective for post-Seattle technical assistance activities could be published on the ITC Web site, as well as in the *Forum* magazine.

❒ **Training packs and business cases**

44. Several case studies of the business implications of the WTO Agreements have been drafted by network members in Asia and are being finalized for publication on the World Tr@de Net Web page. The training packs on the Agreement on Textiles and Clothing and on the Agreements on TBT/SPS have been updated in the light of experiences in the implementation of these Agreements.

Capacity building and networking for business information services (CAPNET/BIS)

45. As indicated above, this programme could not start in 1999 because of insufficient funding. Additional pledges have to be made starting in 2000. A detailed description of the programme is contained in the "Report of the Consultative Committee to the thirty-second session of JAG". For ease of reference, the programme objectives are reiterated below:

- Building up the capacity of business information services (BIS) within the Global Trade Point Network administered by UNCTAD's partner organizations.
- Improving the availability of information on market access conditions, including information on trade agreements, control measures, technical barriers and trade legislation affecting the movement of goods and services, in cooperation with WTO and other organizations specializing in various aspects of trade liberalization.
- Developing the exchange of information and know-how between partner organization (Intranet) and new approaches to information dissemination and trade promotion at the international level (Extranet), on the basis of multimedia systems.

46. The total three-year budget amounts to US$ 3.0 million, of which US$ 550,000 for the first year.

Programme for competitiveness improvement of SMEs (ProCIP)

47. The operational approach follows two paths: the network path and the product path, which are embraced in the underlying 'product-network' approach. Owing to reduced funding, the main focus of recent activities has been the implementation and dissemination of already developed tools, products and services through current and new network partner organizations. Nonetheless, new products have been conceptualized and are currently under development, as foreseen.

48. In order to bring forward the *enhancement of national trade support institutions to help SMEs strengthen their competitive edge* (objective 1), and as a base for product and service dissemination, ProCIP has established contact with more than 100 trade support institutions and brought the number of its national network partners to a total of 130 in over 70 countries in Africa, Asia and Latin America. It is estimated that some 10,000 SMEs will have access in the year 2000 to one or more services through the ProCIP partner network. A ProCIP directory of active network partners, all concerned with small business export development, is available. The directory is indicative of the positive reception given to ProCIP services and tools. The response to *Trade Secrets: The Export Answer Book*

BUDGETARY SITUATION
Programme for competitiveness improvement of SMEs (ProCIP)
As at 7 February 2000
(US$)

	Expenditures	Planned expenditures	Total	Planning estimates		GRAND TOTAL
	June 99 - Dec. 99	Jan 00 - May 00	June 99 - May 00	June 00 - May 01	June 01 - May 02	June 99 - May 02
Project personnel	152,781	188,263	341,044	800,000	523,000	1,664,044
Subcontracts	6,533	40,017	46,550	220,000	60,000	326,550
Group training	25,123	88,776	113,899	185,000	90,000	388,899
Equipment	-	-	-	20,000	-	20,000
Miscellaneous	35,966	62,541	98,507	225,000	127,000	450,507
(A) Total	220,403	379,597	600,000 a/	1,450,000	800,000	2,850,000
(B) Pledged			598,166	-	-	598,166
(C) Cash received			598,166	-	-	598,166
(C-B) Surplus/(Shortfall) Cash against pledges			-			
(B-A) Surplus/(Shortfall) Pledges against budget			(1,834) b/	(1,450,000)	(800,000)	(2,251,834)

a/ The budget was reduced from US$ 900,000 to US$ 730,000, and subsequently revised downward to US$ 600,000 to take into account the anticipated level of pledges.
b/ Subject to confirmation of the pledge by France (US$ 113,628).

can also be taken to mean that it meets the needs of SMEs; 35 countries have now signed joint publication agreements and are currently adapting the *Answer Book* to their individual needs. Before the end of the first year of the implementation plan, five national versions of *Trade Secrets* will have been published.

49. At the same time, new developments are underway, diversifying the array of tools, products and services within the product path. Since June 1999, the following initiatives have been launched to respond to the most prominent requests from network partners:

- A *Generic Gauge* which benchmarks enterprises across industries. ITC has received 15 additional requests for this tool. In parallel, industry-specific benchmarking systems are foreseen, e.g. for the food processing and textile industries.
- A *Gauge Reference Manual* supporting the use and interpretation of benchmarking reports, in order to improve the instruction of managers and ProCIP network partners.
- The Web-based version of the *International Competitiveness Gauge*, which will contribute to the integration of new business planning approaches as it will facilitate direct communication and the exchange of best practices among participants.
- *Trade Secrets: The Electronic Commerce Answer Book*.
- The *Export Fitness Checker*, ITC's software-based enterprise self-assessment tool for export preparation, was further field tested in August 1999 in Malawi, South Africa, Zambia and Zimbabwe, and local entrepreneurs have been closely

involved in improving the tool. The *Checker* is now being translated into French and Spanish. It is also available as a booklet. While the tool is being distributed primarily through the ProCIP network, it is used in other ITC programmes, e.g. JITAP, and for needs assessments within the Integrated Framework. FAVENPA in Venezuela has made the first request for customizing the *Checker* to the automotive components sector. The Confederation of Indian Industry and Bancomext of Mexico have shown interest in combining the *Checker* with the *Trade Secrets* publication, providing a unique information tool for SMEs in international trade.

50. As limited access to useful, relevant yet affordable tools is a common problem among exporting SMEs, particularly in LDCs, a number of field missions, regional and interregional networking events have been undertaken to train participating SMEs and managers/executives on a regular basis. In various round tables and seminars, ProCIP not only provided training, but also promoted *regional, interregional and international networks as a means for reinforcing institutional capacity and technical know-how* (objective 2). For instance, partners met at the 3rd *Gauge* Managers Round Table, held at the invitation of NAACAM, the South African partner, in Johannesburg in 1999. During the event, the *International Competitiveness Gauge* welcomed three new partners: Malaysia, Tunisia and Venezuela, which later during the year received direct training on benchmarking techniques on-site. With Colombia (January 2000) and Thailand (February 2000) joining the Gauge, this unique service now has 14 member countries. Regional workshops for the customization of *Trade Secrets* were held in Mexico, the Syrian Arab Republic and El Salvador in 1999. A memorandum of understanding for the first regional version for the five Central American countries was signed, tying together the national trade support institutions.

South-South trade promotion

51. A trade flow analysis was undertaken in order to identify trading complementarities among selected countries in South and South-East Asia and to assist in the selection of a product sector to be covered at a buyers-sellers meeting on the occasion of UNCTAD X (Bangkok, February 2000). In the light of recent developments in South-East Asia, which may not have been captured by statistical data available to ITC, it was decided to validate the outcome of the trade flow analysis by field research. The field work did reveal shifts in trading patterns and business practices over the last two years. On the basis of the findings of both field and desk research, the pharmaceutical sector was selected for the buyers-sellers meeting. Preparations for the organization of the event are progressing according to plan.

52. Another trade flow analysis was carried out for member countries of the Inter-State Council of the Republic of Kazakhstan, the Kyrgyz Republic, the Tajikistan Republic and the Republic of Uzbekistan. The results of the analysis were submitted to the Executive Committee of the Inter-State Council and followed up with a mission to Bishkek. Agreement was reached on further joint action, to commence with a translation of the trade flow analysis into Russian (and at a later date other South-South publications), and with a training-of-trainers workshop on the intraregional trade promotion methodology.

53. The standard methodology for trade flow analysis, supply and demand surveys, and the organization of a buyers-sellers meeting was reviewed against the specific requirements of the UNCTAD X event. The outcome of the trade flow analysis was validated through and complemented with field research, the terms of reference for the supply and demand surveys were refined and the involvement of local business organizations and national consultants was maximized to ensure optimal capture of qualitative information.

54. ITC support was requested in the preparation and organization of a trade and investment promotion forum of selected business participants from Asia and Africa. Held in Kuala Lumpur in October 1999, the meeting was organized by the UNDP Special Unit for TCDC in collaboration with the Multilateral Investment Guarantee Agency (MIGA). The ITC South-South trade promotion programme presented a working paper on international legal instruments for trade dealings between business operators in Africa and Asia, and direct business advice to negotiating partners on legal aspects of international trade. It also provided methodological inputs into the organization of this business promotion event and ad hoc technical advice to participants in the establishment of international business arrangements.

55. Although support to the UNDP/MIGA activity was not foreseen in the implementation plan, the Africa-Asia Business Forum was considered an initiative of significant importance in the context of South-South trade promotion. ITC's involvement in the Forum demonstrated opportunities for synergy and it may be anticipated that the South-South trade promotion programme will also be engaged in follow-up activities to this event.

BUDGETARY SITUATION
South-South trade promotion
As at 7 February 2000
(US$)

	Expenditures	Planned expenditures	Total	Planning estimates		GRAND TOTAL
	June 99 - Dec. 99	Jan 00 - May 00	June 99 - May 00	June 00 - May 01	June 01 - May 02	June 99 - May 02
Project personnel	217,056	371,544	588,600	631,800	594,400	1,814,800
Subcontracts	13,209	45,091	58,300	50,000	50,000	158,300
Group training	-	64,000	64,000	70,000	70,000	204,000
Equipment	6,232	10,168	16,400	22,000	22,000	60,400
Miscellaneous	40,613	112,087	152,700	155,200	154,600	462,500
(A) Total	277,110	602,890	880,000	929,000	891,000	2,700,000
(B) Pledged			741,377	248,695	497,390	1,487,462
(C) Cash received			741,377	-	-	741,377
(C-B) Surplus/(Shortfall) Cash against pledges			-			
(B-A) Surplus/(Shortfall) Pledges against budget			(138,623)	(680,305) a/	(393,610)	(1,212,538)

a/ The shortfall of US$ 138,623 for the period June 1999 - May 2000 is being covered by using part of the pledges made for 2000.
Consequently, the shortfall of pledges against the budget for June 2000 - May 2001 amounts to US$ 818,928 (i.e. US$ 680,305 plus US$ 138,623).

GLOBAL TRUST FUND
PLEDGES AND RESOURCES AVAILABLE
As at 7 February 2000
(US$)

Donor	Pledges 1999 - 2002								Cash received 1999 - 2002							Cash to be received		
	GRAND TOTAL	Window I		Window II					GRAND TOTAL	Window I		Window II				W I	W II	
		Total	1999	Total	1999	2000	2001	2002		Total	1999	Total	1999	2000	2001	1999	1999	2000
CANADA	655,567	655,567	655,567	-	-	-			655,567	655,567	655,567	-	-	-	-	-	-	-
DENMARK	758,000	758,000	758,000	-	-	-			758,000	758,000	758,000	-	-	-	-	-	-	-
FINLAND	168,458	168,458	168,458	-	-	-			168,458	168,458	168,458	-	-	-	-	-	-	-
FRANCE	340,073	-	-	340,073a/	113,628	113,628	112,817		340,073	-	-	340,073	113,628	113,628	112,817	-	-	-
GERMANY	1,834,409	-	-	1,834,409	830,876	506,143	248,695	248,695	573,428	-	-	573,428	573,428	-	-	-	257,448	506,143
INDIA	50,000	-	-	50,000	50,000	-			50,000	-	-	50,000	50,000	-	-	-	-	-
ITALY	-	-	-	-	-	-			-	-	-	-	-	-	-	-	-	-
NORWAY	193,282	193,282	193,282	-	-	-			193,282	193,282	193,282	193,282	-	-	-	-	-	-
SWEDEN	727,632	485,084	485,084	242,548	242,548	-			727,632	485,084	485,084	242,548	242,548	-	-	-	-	-
SWITZERLAND	1,210,000	300,000	300,000	910,000	910,000	-			1,210,000	300,000	300,000	910,000	910,000	-	-	-	-	-
UNITED KINGDOM	800,000	-	-	800,000	77,491	361,255	361,254	-	-	-	-	-	-	-	-	-	77,491	361,255
ACCRUED INTERESTS	148,899	148,899	148,899	-	-	-			148,899	148,899	148,899	-	-	-	-	-	-	-
TOTAL	6,886,320	2,709,290	2,709,290	4,177,030	2,224,543	981,026	722,766	248,695	4,825,599	2,709,290	2,709,290	2,116,849	1,889,684	113,628	112,817	-	334,939	867,398

a/ France: FF 2.0 m pledge for W2 over three years 1999-2001 and tentatively earmarked for CAPNET. Ref. JAG XXXII of April 1999. Contribution for 1999 has been earmarked for ProCIP (subject to confirmation).

GLOBAL TRUST FUND
WINDOW II
Pledges and allocations to individual programmes
As at 7 February 2000
(US$)

Programmes	Donors	Pledges					Cash received				Cash to be received	
		Total	1999	2000	2001	2002	Total	1999	2000	2001	1999	2000
1. Business development and the WTO Agreements (World Tr@de Net) (INT/W2/05)	Germany	784,957	527,509	257,448	-		270,061	270,061	-	-	257,448	257,448
	Switzerland	280,000	280,000	-	-		280,000	280,000	-	-	-	-
	United Kingdom	800,000	77,491	361,255	361,254		-	-	-	-	77,491	361,255
	Total	1,864,957	885,000	618,703	361,254	-	550,061	550,061	-	-	334,939	618,703
2. Capacity building and networking for business information services (CAPNET/BIS) (INT/W2/06)	France	226,445 a/	-	113,628	112,817	-	226,445	-	113,628	112,817	-	-
	Total	226,445	-	113,628	112,817	-	226,445	-	113,628	112,817	-	-
3. Programme for competitiveness improvement of SMEs (PRoCIP) (INT/W2/07)	France	113,628	113,628 a/				113,628	113,628	-	-	-	-
	India	50,000	50,000	-	-		50,000	50,000	-	-	-	-
	Sweden	104,538	104,538				104,538	104,538	-	-	-	-
	Switzerland	330,000	330,000	-	-		330,000	330,000	-	-	-	-
	Total	598,166	598,166	-	-	-	598,166	598,166	-	-	-	-
4. South-South trade promotion (INT/W2/04)	Germany	1,049,452	303,367	248,695	248,695	248,695	303,367	303,367	-	-	-	248,695
	Switzerland	300,000	300,000	-	-		300,000	300,000	-	-	-	-
	Sweden	138,010	138,010				138,010	138,010	-	-	-	-
	Total	1,487,462	741,377	248,695	248,695	248,695	741,377	741,377	-	-	-	248,695
GRAND TOTAL		4,177,030	2,224,543	981,026	722,766	248,695	2,116,049	1,889,604	113,628	112,817	334,939	867,398

a/ France: FF 2.0 m tentatively earmarked for CAPNET for 1999-2001. Contribution for 1999 has been transferred to ProCIP (subject to confirmation).

INTERNATIONAL TRADE CENTRE

UNITED NATIONS
CONFERENCE ON
TRADE AND DEVELOPMENT

WORLD TRADE
ORGANIZATION

ITC/AG(XXXIII)/183
2 March 2000
Original: ENGLISH

Joint Advisory Group on the
International Trade Centre UNCTAD/WTO
Thirty-third session

Geneva, 10 - 14 April 2000

ITC CONTRIBUTION
TO THE MEDIUM-TERM PLAN OF THE UNITED NATIONS
FOR THE PERIOD 2002-2005

Explanatory note

1. Under the United Nations *Medium-Term Plan for the Period 1998-2001* (MTP), ITC's mandate is part of Programme 9 – Trade and Development, for which UNCTAD and ITC have joint implementation responsibility. ITC is particularly accountable for two subprogrammes, namely:

9.6 – Institutional development and support services for trade promotion, export development, and international purchasing and supply management.

9.7 – Market development and trade information.

2. The plan for the period 2002-2005 will be submitted to the Committee for Programme and Coordination (CPC) in June 2000 and to the Economic and Social Council (ECOSOC) in July 2000, for final endorsement by the General Assembly at its fifty-fifth session. UNCTAD's contribution will be reviewed by the Trade Development Board in the light of the Plan of Action endorsed at UNCTAD X. As for ITC's contribution, one single subprogramme is being proposed. This will allow ITC to present its entire programme of work in a concise but comprehensive and coherent manner, along with a number of corporate objectives, thus conveying a greater sense of unity of purpose.

3. The overall introduction to Programme 9 in the United Nations MTP document (programme narrative) will be prepared by UNCTAD in consultation with ITC. It will spell out ITC's specific mandate and areas of work within the broader context of the Programme, with due reference to ITC's contribution to the objectives of WTO's technical assistance programme.

4. As in previous years, ITC will complement the United Nations MTP exercise with an internal planning system designed to facilitate programme planning and management. The annually rolling three-year Medium-Term Plan (the ITC-MTP) will provide a more detailed perspective for ITC's work, including the responsibilities of individual divisions, offices and sections; it will establish precise targets and specific outputs for the plan period. The Annual Operations Plan (AOP) will set out the work plan and operational modalities for the implementation of the first year of the rolling MTP.

5. The focus of this subprogramme, which will be implemented by the International Trade Centre UNCTAD/WTO in close cooperation with its parent bodies, is to support developing and transition economies, particularly their business sectors, in building national capacities to realize their full potential for developing exports and improving import operations with the ultimate goal of achieving sustainable development. It principally provides downstream technical assistance to identify new trading opportunities and to address the business implications of the multilateral trading system (MTS) by linking these implications to specific products and markets. The core programme of work is designed to meet the special needs of LDCs on a priority basis.

6. The overriding concern of the subprogramme is national capacity-building. The specific objectives for the plan period are set out below.

7. *Objective 1. To establish national core expertise in MTS issues, which will involve close cooperation between the public and business sectors in advancing a national trade development agenda and formulating negotiating positions on the basis of a good understanding of product and market reality and potential.*

8. This will be achieved, firstly, by establishing and nurturing national networks of trade experts – from business, government and academia – in order to raise awareness and develop the capabilities of partner countries to understand and respond to changes in the MTS. To this effect, the subprogramme will offer a platform for discussion within national networks, facilitate the exchange of experiences among networks and give access to information and training materials, with a view to finding practical business solutions to trade-related problems. Secondly, the subprogramme will provide publications, training materials and courses, and direct assistance to increase understanding of the business implications of specific WTO Agreements such as Agriculture, the Application of Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Textiles and Clothing, Trade in Services and Government Procurement.

9. *Objective 2. To improve the capabilities of partner countries for designing trade development strategies that are grounded on realistic assessments of supply capacities and international demand and an understanding of international commercial practices.*

10. This will be achieved through the development and application of tools for surveys of national export potential and strategic market research, and the analysis and exchange of best practices in bringing to bear the business perspective in the design and implementation of trade development strategies and coordination arrangements.

11. *Objective 3. To reinforce trade support institutions in the efficient provision of services needed by the business community, notably in the areas of trade information, sales promotion, trade representation abroad, export packaging, quality management, financial services, business cooperation arrangements, legal advice, human resource development and purchasing and supply management.*

12. This will be achieved, firstly, through a 'product-network' strategy which will involve the participative development of generic technical assistance products such as diagnostic tools, learning systems, practical guides, information management tools, databases and Internet applications. These will be supplied through a network of partner institutions responsible for their national customization and widespread application, thus minimizing costs and application lead time, and maximizing reach, feedback and sustainability. Secondly, trade support institutions will assume ownership of the design and implementation of tailor-made national or regional trade promotion projects.

13. *Objective 4. To improve trade performance and diversification in selected product and services sectors of special interest for developing and transition economies. Within the plan period, priority will be given to about 18 product and 5 services clusters to be selected on the basis of their export potential, demand from partner countries and the subprogramme's comparative advantages in providing technical assistance.*

14. This will be achieved through an integrated approach comprising needs assessments, a response to the collective needs of partner countries at global level, and tailor-made projects responding to country-specific requests. The approach will combine market intelligence with training, advisory services, business contacts and promotional activities. The promotion of South-South trade will be given high priority. Special consideration will also be given to programme activities which link export-led growth and poverty reduction and address other issues of common concern such as gender equality and environment protection.

15. *Objective 5. To foster entrepreneurship development and competitiveness at the enterprise level through improved performance at all levels of the export development process, including preparation and planning for export, identification of customers, access to finance, management of the supply chain, product development and adaptation, marketing and pricing, contracting and distribution.*

16. This will be achieved, firstly, through activities targeting the business community at large, such as the development and dissemination of tools and practical guides for self-assessment, business strategy development, planning and benchmarking, as well as the provision of market intelligence and access to databases. Secondly, vertically integrated support will be provided at enterprise level, in partnership with national institutions, during a process linking counselling to individual enterprises with support to trade support institutions and business associations in order to obtain national capacity-building and other multiplier effects.

17. Achievements in regard to these five objectives will be measured in terms of national capacity-building. Performance indicators will include the scope and quality of services provided by trade support institutions in the public and private sectors (as assessed by end-users); the institutions' capacity continually to adapt to evolving needs; and the volume and quality of information flows within and among networks.

18. From an operational standpoint, the above objectives will involve interventions in the following functional areas: institutional development for trade promotion and specialized support services; export training capacity development; capacity-building in international purchasing and supply management; strategic and operational market research; sector-specific product and market development; trade information management; and technical cooperation coordination, including needs assessment and programme/project design.